

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**Docket No. 2008-325-C**

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|   |   |   |
|---|---|---|
| In Re: Application of Time Warner Cable Information | ) |   |
| Services (South Carolina) LLC, d/b/a Time           | ) |   |
| Warner Cable to Amend its Certificate of Public     | ) |   |
| Convenience and Necessity to Provide                | ) |   |
| Telephone Services in the Service Area of           | ) |   |
| Farmers Telephone Cooperative, Inc. and for         | ) | ) |
| Alternative Regulation                              | ) |   |

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**PUBLIC VERSION**

**TESTIMONY OF  
CHARLENE KEYS**

**ON BEHALF OF**

**TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA), LLC**

1 Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS FOR THE  
2 RECORD.

3 A. My name is Charlene Keys and I am Vice President and General Manager of Time Warner  
4 Cable's Columbia and Hilton Head Markets. My business address is 3347 Platt Springs  
5 Road, West Columbia, South Carolina 29170. My telephone number is (803) 744-5497 and  
6 my email address is [Charlene.Keys@TWCable.com](mailto:Charlene.Keys@TWCable.com) .

7 Q. WHAT ARE YOUR JOB RESPONSIBILITIES?

8 A. I oversee business operations, construction, technical operations, quality assurance and  
9 service delivery for Time Warner Cable's Voice, Video and Data lines of business.

10 Q. PLEASE GIVE A BRIEF DESCRIPTION OF YOUR BACKGROUND AND  
11 EXPERIENCE.

12 A. I joined Time Warner Cable in 2004 as Vice President and General Manager of Voice. I was  
13 responsible for leading the launch and management of the South Carolina division's  
14 residential voice service. I have also held senior management positions at KMC Telecom;  
15 MCI WorldCom, Inc.; Sprint Corporation and Civature Consulting. While serving as  
16 General Manager, Network Operations at Ameritech Corporation in Chicago, I was selected  
17 and successfully completed an executive exchange program with Deutsche Telecom in Bonn  
18 and Berlin, Germany. I recently graduated from the Betsy Magness Leadership Institute,  
19 Women in Cable Telecommunications' flagship executive development program. I am an  
20 Executive Board member of Midlands Technical College Foundation Board, and the  
21 Columbia Chamber of Commerce. I am a Board Member of the Columbia Urban League  
22 and the Carolinas Chapter of Women in Cable Telecommunications. I recently received the  
23 Lincoln C. Jenkins, Jr. Award which recognized me as a trailblazer in promoting equal

1 opportunity and social justice during the Columbia Urban League's 41<sup>st</sup> Annual Equal  
2 Opportunity Day Dinner. I have a Master's Degree in Business Administration from Mercer  
3 University in Atlanta and a Bachelor's Degree in Business from the University of the State  
4 of New York.

5 Q. ARE YOU FAMILIAR WITH THE APPLICATION TIME WARNER CABLE  
6 INFORMATION SERVICES (SOUTH CAROLINA), LLC SUBMITTED TO THIS  
7 COMMISSION?

8 A. Yes.

9 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

10 A. The purpose of my testimony is to present evidence concerning our South Carolina  
11 operations and our proposal to expand services to include Farmers' service area.

12 Q. PLEASE DESCRIBE THE COMPANY'S SOUTH CAROLINA OPERATIONS.

13 A. We currently provide Digital Phone service in the service areas of Verizon, AT&T,  
14 Windstream, Hargray Telephone, Bluffton Telephone, and Horry Telephone Cooperative.  
15 We have approximately 1400 employees and 25 work locations in South Carolina.

16 Q. DESCRIBE THE FACILITIES USED TO PROVIDE VOICE SERVICES IN SOUTH  
17 CAROLINA.

18 A. Time Warner Cable owns and manages cable systems serving approximately 14.6 million  
19 customers in 33 states. We offer Digital Phone service over the same Time Warner Cable  
20 system facilities that are used to provide video and high-speed data services. We transmit  
21 signals using a laser-fed fiber optic cable from origination points known as "headends" and  
22 "hubs" to a group of distribution "nodes." Coaxial cable is used to deliver the signals from  
23 the individual nodes to the homes and businesses they serve. Our Digital Phone customers

1 use a voice enabled cable modem that connects to the cable in the customer's home or  
2 business. Our system allows the delivery of two-way video and broadband transmissions,  
3 which is essential to providing advanced video services, Road Runner high-speed data  
4 service and Digital Phone. Sprint Communications Corporation assists TWCIS in providing  
5 the Digital Phone service by routing voice traffic to and from destinations outside of our  
6 network using the public switched telephone network. Sprint also assists in delivering E911  
7 service, porting telephone numbers, and delivering long distance traffic.

8 Q. DOES TWICS USE THE PUBLIC INTERNET TO TRANSPORT CALLS?

9 A. No. Unlike Internet phone providers such as Vonage, we do not use the public Internet to  
10 transport calls. "Internet protocol" describes the technology being used which digitizes  
11 information. The voice enabled cable modem converts the Digital Phone customer's voice  
12 from his telephone into Internet protocol packets that are sent onto the Time Warner Cable  
13 network. If the person being called is also a Time Warner Cable Digital Phone customer in  
14 South Carolina, then the call would be transported entirely in Internet protocol format, and  
15 the voice signals would be received by the receiving party's voice enabled modem. If the  
16 person being called is not a Time Warner Cable Digital Phone customer in South Carolina,  
17 then the Internet protocol voice packets would be routed to a media gateway device that  
18 \would convert the Internet protocol packets to traditional circuit switched voice signals and  
19 route the call to Sprint and, ultimately, to its final destination.

20 Q. PLEASE DISCUSS THE GROWTH OF THE DIGITAL PHONE MARKET.

21 A. As of September 30, 2008, we had 3.6 million Digital Phone customers nationwide. Our  
22 Digital Phone service is growing rapidly in South Carolina. \*\*\*\*BEGIN

23 CONFIDENTIAL\*\*\*\*

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\*\*\*\*END CONFIDENTIAL\*\*\*\*

Q. HOW DOES TWCIS MARKET ITS SERVICES?

A. TWCIS markets its Digital Phone services using direct mail and email campaigns to our current customers. We also advertise using local television commercials, newspaper advertising, and radio commercials.

Q. DOES TWCIS TARGET A PARTICULAR MARKET?

A. Time Warner Cable traditionally focused on residential customers so initially our focus was on residential Digital Phone customers. In 2007 we launched a commercial Digital Phone service known as Business Class Phone. Business Class Phone service is geared to small and medium-sized businesses. We have been offering video and high-speed data to businesses for over ten years so this commercial Digital Phone service allows us to offer a bundle of video, high-speed data, and voice services.

Q. TELL US WHY IT IS IMPORTANT TO BE ABLE TO BUNDLE SERVICES.

A. In addition to selling our services separately, we focus on marketing differentiated packages of multiple services and features, or “bundles” for a single price. Increasingly, our customers subscribe to two or three of our services. As of the end of 2007, 48% of Time Warner Cable’s customers subscribed to two or more of our primary services. Those subscribing to a bundle receive a discount from the price of buying each service separately and have the convenience of a single monthly bill. The following table illustrates the growth in customers subscribing to bundled offerings over the last three years:

|   | December 31,   |             |             |
|---|----------------|-------------|-------------|
|   | <u>2007</u>    | <u>2006</u> | <u>2005</u> |
|   | (in thousands) |             |             |
| TWC customers with 2 primary services (video, HSD, voice) | 4,703          | 4,647       | 3,099       |
| TWC customers with 3 primary services (video, HSD, voice) | 2,363          | 1,523       | 760         |

Q. WHAT OTHER BENEFITS DOES BUNDLING PROVIDE TO CUSTOMERS?

A. We are also developing features that operate across two or more of our services or cross-platform features. For example, we are beginning to offer Caller ID on TV feature that displays an incoming call on the customer's television set at no extra charge. We are now working on other cross-platform features such as "PhotoShowTV" which gives digital video subscribers who subscribe to our Road Runner service the ability to create and share their personal photo shows and videos with other Time Warner Cable video subscribers. We are also developing remote DVR management which would allow customers who subscribe to our DVR service to use the Internet to program their DVRs, and a residential phone web portal which allows subscribers to use the Internet to modify Digital Phone features, make payments and listen to voicemail.

Q. DESCRIBE TWCIS MARKETING STRATEGY.

A. Our marketing primarily focuses on bundles of video, high-speed data, and voice services offered in differentiated but easy to understand packages. It is essential in today's marketplace to be able to bundle service offerings to compete against bundled service offerings from our competitors.

Q. DOES FARMERS OFFER BUNDLED SERVICE OFFERINGS?

A. Yes, according to the Farmers' website both Farmers and its affiliate FTC Diversified Services, Inc. currently offer bundles of local, long distance and DSL services. See Exhibit

1 CK-1. Both Farmers and FTC Diversified Services, Inc. have recently been granted State-  
2 Issued Certificates of Franchise Authority by the South Carolina Secretary of State to  
3 provide video service in the following areas:

| FARMERS             | FTC                 |
|---------------------|---------------------|
| Andrews             | Bishopville         |
| Coward              | Kingstree           |
| Greeleyville        | Lake City           |
| Lane                | Manning             |
| Lynchburg           | Olanta              |
| Mayesville          | Summerton           |
| Paxville            | Sumter              |
| Pinewood            | Clarendon County    |
| Scranton            | Florence County     |
| Sumter              | Georgetown County   |
| Turbeville          | Lee County          |
| Clarendon County    | Sumter County       |
| Florence County     | Williamsburg County |
| Georgetown County   |                     |
| Lee County          |                     |
| Sumter County       |                     |
| Williamsburg County |                     |

4 Q. DOES TWICS CURRENTLY OFFER SERVICES IN ANY OF THESE AREAS?

5 A. Yes. We provide voice service in these areas where we are currently authorized to provide  
6 service. We would be able to offer bundled service offerings that would include voice  
7 services in many of these towns and portions of the counties currently in Farmers' service  
8 territory. We are currently providing cable service to \*\*\*\*BEGIN CONFIDENTIAL  
9 \*\*\*\* END CONFIDENTIAL homes in the Farmers' service territory. We are at a  
10 competitive disadvantage in those areas where we cannot offer to bundle voice services with  
11 our other service offerings.

12 Q. PLEASE TELL US ABOUT THE SERVICES TWCIS PROPOSES TO OFFER?

13 A. We would be offering the same facilities based Internet protocol based voice services and

1 intrastate telecommunications services currently offered in the areas in which TWCIS is  
2 certificated in South Carolina. These services include Digital Phone interconnected VoIP  
3 services to retail residential customers, Business Class Phone interconnected VoIP services  
4 to retail business customers, and high capacity private line, point to point  
5 transmission/telecommunications services to wholesale and retail business customers. We  
6 would offer these services pursuant to the South Carolina Tariff No. 1 currently on file at the  
7 Commission.

8 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

9 A. Yes it does.





